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DATE December 15, 1954

COPY NO

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OPERATIONS COORDINATING BOARD

Washington, D.C.

ESCAPEE PROGRAM PROGRESS REPORT

REFERENCE: OCB Meeting 2/17/54

OCB FILE NO. 7 and 8

NSC REVIEW COMPLETED,
6/26/03

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State Department review completed

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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

December 31, 1954

MEMORANDUM FOR THE OPERATIONS COORDINATING BOARD


SUBJECT: Escapee Program Progress Report

In considering the attached report on December 8, the Board:

- (1) Concurred in the use of FY '54 funds for the 1000 White Russians already contracted for.
- (2) Referred for additional fact-finding and consultation between State, Defense and FOA, the question of the Yugoslav program, with the suggestion that the intake of Yugoslavs be limited to 20% of the total number of new individuals taken into the program; and requested FOA to propose criteria for this purpose, for OCB consideration if necessary.
- (3) Noted that FOA legislative proposals for FY '56 will make specific reference to a Yugoslav component.

On December 15 the Board noted a report by the Executive Officer that a Presidential determination of December 14, 1954 had resolved the question of the Yugoslav component of the FY '55 Program in accordance with the OCB suggestion in (2) above, and agreed that this completed Board action with respect to the attached report.

Previous drafts of this report dated November 16 (less Attachments A and B, which should be preserved and made a part of this report), November 24 and December 1, 1954 are obsolete and may be destroyed in accordance with the security regulations of your agency.


Elmer B. Staats
Executive Officer

Attachment:

Escapee Program Progress Report,
dated 12/15/54, with attachments
as listed.

OCB File Nos. 7 and 8

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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

December 15, 1954

ESCAPEE PROGRAM PROGRESS REPORT

1. Submitted herewith is the report of the ad hoc working group established to consider and consolidate the reports of the various agencies on their participation in and utilization of the FOA/USEP Escapee Program. These reports were submitted in compliance with the Operations Coordinating Board's action of February 17, 1954, which approved the recommendations of a previous working group. The FOA/USEP report was a formal one and is appended as Attachment A. The USIA report is appended as Attachment B. The Departments of State and Defense and CIA reported informally to the Working Group. The State Department's report on the Refugee Relief Act will be submitted separately, but it was considered by the working group in drawing up this report.

2. The study of the FOA/USEP report reveals that FOA/USEP has made a determined effort to comply with the recommendations of the previous working group. The specific actions taken are enumerated as follows:

a. A target date plan has been put into effect to bring about the liquidation of the USEP caseload of September 30, 1953, by December 31, 1955. In the period between September 30, 1953, and June 30, 1954, 6,012 persons were removed from the caseload.

b. As of July 1, 1954, the registration of persons other than those who escaped since April 1, 1953, was discontinued except in special cases and categories indicated in the previous report. These categories include the Greek Ethnics, Yugoslavs, and pre-1945 Soviet escapees, registration of whom is still going on. A total of 9,407 have been added to this particular caseload, and it is estimated that registration will be completed on December 31, 1954. An additional 13,535 remain unregistered and yet to be processed. Many of these may become the responsibility of FOA/USEP. Registration figures follow:

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	<u>Total Registered to June 30, 1954</u>	<u>Net Additions to Case- load as of June 30, 1954</u>	<u>Number to be Registered (est.)</u>
Yugoslavs	5,294	3,858	6,545
Greek Ethnic	2,347	2,207	3,500
Pre-45 USSR	<u>4,481</u>	<u>3,342</u>	<u>3,490</u>
	12,122	9,407	13,535

c. The USEP caseload has been thoroughly screened to determine those cases unlikely to qualify for resettlement. Contracts have been concluded in the amount of \$345,000 to provide for final arrangements for such cases. It is estimated that not more than 1,500 persons will require special assistance of this kind from the Escapee Program.

3. The caseload as of June 30, 1954, is made up as follows:

a. Persons remaining from caseload of September 30, 1953	8,567
b. Arrivals since September 30, 1953	635
c. Net increase from completion of registration of arrivals prior to September 30, 1953	3,770
d. Newly registered Ethnic Greeks, Yugoslavs, Pre-1945 Soviets	<u>9,407</u>
TOTAL CASELOAD AS OF JUNE 30, 1954	22,379

In addition, the estimated 13,535 Yugoslavs, Greek Ethnic, and Pre-1945 USSR mentioned in paragraph 2b above remain to be registered. Not included in this tabulation are 6,069 pre-1948 Satellite escapees eligible for U. S. immigration under Sec. 3-c of the D. P. Act who were dropped from the caseload when that Act expired on June 30, 1954.

4. An analysis of all the reports submitted suggests that the coordination between the various agencies has improved greatly, resulting in an increased utilization of benefits from the FOA/USEP program by the other interested agencies. This has been accomplished by extensive inter-agency consultation at all levels. One example of such consultation is the committee established at the European regional level, under the

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chairmanship of J-3 of USCINCEUR, which considers problems of psychological exploitation in connection with the Escapee Program. The benefits to the Phase B agencies may be summarized briefly as follows:

- a. Propaganda material based upon FOA/USEP activities and as provided by individual escapees.



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- d. Special service support such as assistance in developing a cooperative attitude in escapees during debriefing and through special handling of disposal cases referred by the operating programs insofar as feasible by an overt apparatus.

5. Closely linked to the successful reduction of the USEP caseload by resettlement is the number of escapees who may be admitted under the Refugee Relief Act. To date the number has been negligible, and the caseload reduction schedule of FOA/USEP has been seriously affected. An accelerated rate of entry of escapees under the Act is urgently needed, and action to that end is being taken by the Administrator of the R.R.A. in cooperation with FOA/USEP.

6. In the course of the working group's discussions, it developed that the Department of Defense had reservations as to the utility to the U.S. of the current magnitude of the Far Eastern Program and of the Yugoslav program, the latter of which at its inception was not intended to relate directly to NSC 86/1. The Department of Defense did, however, agree to the Far Eastern program as outlined by the FOA Escapee Program, if current aid to White Russians were eliminated and the program were limited to groups and categories of escapees selected by the combined action of the interested departments and agencies; further the Department of Defense wished to see an immediate cut-back in the Yugoslav project, USIA, because of restrictions placed upon propaganda exploitation had no strong feeling either way relative to either the White Russian project or the Yugoslav program. Because of the recent and increasing program utility of materials emanating from other aspects of the Far Eastern Program, however, USIA desires to see the general Far Eastern phase of USEP continued. The Department of State and FOA felt strongly that the Yugoslav program is justified and necessary as presently planned over the next two years and that any immediate cut-back would seriously impair the operation of the Escapee Program in the European area. The Department of State and FOA/USEP do recognize, however, that by the latter half of

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1956 the Escapee Program will be handling a very high percentage of Yugoslav escapees in the over-all caseload. It is therefore believed that prior to that time, the NSC should review, as a policy matter, the relative significance of the Yugoslav project on the Escapee Program at the time when the Escapee Program has eliminated its backlog of cases and is able to deal solely with escapees on a current basis.

7. The FOA/USEP report contained a number of recommendations for Operations Coordinating Board action. With the exception of the first recommendation quoted below, the working group considers that practically all of the recommendations are already in the process of being implemented. The working group submits the following recommendations:

a. that for the duration of the Escapee Program funds required for operations be allotted each fiscal year as soon as possible after they are made available by the Congress and that the interested agencies expedite the clearance of the necessary Presidential Determination Orders in order to make allotment of funds possible not later than the beginning of the second quarter of the fiscal year.

b. that every effort be made to speed up the issuing of visas under the Refugee Relief Act and that FOA, through all programs involving voluntary relief agencies, bring pressure to bear on increasing the number of assurances and obtaining priorities for USEP eligibles.

c. that the program be carried forward generally as presently constituted, with the following reservations:

(1) that the Far Eastern Program be maintained at the level programmed by FOA/USEP;

(2) that the Escapee Program activities as projected for the Yugoslav Program be continued as presently programmed on the grounds that any immediate cut-back would (a) seriously impair the operation of the Escapee Program in the European area, and (b) be inconsistent with basic U.S. foreign policy regarding Yugoslavia;

(3) that FOA/USEP take the following administrative measures in connection with its Yugoslav Program: (a) that the rigid screening of Yugoslavs be continued, denying USEP eligibility to those whose defection from Yugoslavia proves to have been motivated principally to avoid the draft or to improve personal opportunities in the strictly economic

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sense; and (b) that the category of Yugoslav escapees be afforded a lower priority in assistance than that of USSR or Soviet orbit escapees;

(4) taking into consideration that by the latter half of 1956 the Escapee Program will be handling (a) a very high percentage of Yugoslav Escapees in the over-all caseload, it is recommended that prior to that time the NSC review as a policy matter the relative significance of the Yugoslav project on the Escapee Program and the imbalance under which the Escapee Program will then be operating. The Department of Defense did not concur in this recommendation and offered the following language to be substituted therefor:

"that the USEP be continued in general along the lines contemplated except that the magnitude of assistance programmed for the Yugoslavs be curtailed as out of proportion to the values accruing to the United States therefrom, and that the assistance to be programmed for the Far East exclude current assistance to White Russians and be extended only to selected groups and categories of escapees as agreed upon by the departments and agencies participating in the OCB".

8. It is the view of the working group that the issue thus raised must be resolved by the Board. A paper giving the main points in support of the State-FOA and of the Defense positions has been added to this report as an attachment (Attachment C).

Attachment A - FOA Report to OCB "United States Escapee Program", dtd August 17, 1954
(previously distributed to Board Assistants)

Attachment B - USIA Progress Report on U.S. Escapee Program, dtd October 13, 1954 (previously distributed to Board Assistants)

Attachment C - Combined Paper on Joint State-FOA position and Defense Position, dtd December 1, 1954.

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ATTACHMENT C

OPERATIONS COORDINATING BOARD
Washington 25, D. C.

December 1, 1954

PRESENTATIONS TO THE OCB ON THE
ESCAPEE PROGRAM

A. JOINT STATE AND FOA PRESENTATION

I. It is essential to Escapee Program operations during Calendar Year 1955 that the Presidential Determination Order be approved immediately by the Agencies concerned. Almost all Escapee Program activities are carried on under annual contracts which expire on December 31, 1954, and renegotiation and renewal of these numerous small contracts will take several months to complete. Even though a small amount of funds has already been apportioned by the Bureau of the Budget to take the program over until about February 1, 1955, the approximately twenty voluntary agency contractors must be given definite assurance now that their contracts are to be renewed for another year if they are to maintain their staffs and the continuity of operations necessary for Escapee Program to meet the goals required by U.S. objectives.

II. The Determination Order which has been approved by the Department of State and FOA is now being questioned by the Defense Department on the grounds that the Far East Escapee Program and the program in behalf of Yugoslav refugees are of greater magnitude and cost than can be justified by their contributions to pertinent U. S. objectives.

III. The ad hoc working group reviewing the Escapee Program has recommended that the Escapee Program should go forward substantially as presently constituted and that the agencies concerned should expedite the clearance of the Determination Order. Whether the program should be curtailed, as Defense suggests in its dissent in the report, is a matter of policy to be determined by weighing the values involved. It is appreciated that OCB should not get involved in budgetary details so that discussions of magnitude might be limited to operational principles.

IV. The Escapee Program as it is now constituted had its origin in 1951 with the approval of PSB D-18a which in turn was designed to support several NSC policies including those outlined in NSC 86/1.

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PSB D-18a and more specifically PSB D-18a/5 do not support the view that the Escapee Program was established only to support the specific objectives of NSC 86/1. Nor does there appear to be any reason why the Program should be confined to the objectives of NSC 86/1 or any other policy paper so long as the program serves U.S. objectives, is not inconsistent with basic U.S. policy, and has been properly approved within the Executive Branch and, as necessary, by the Congress. The State Department and FOA believe that the Escapee Program as now constituted, including the two phases questioned by the Defense Department, is consistent with U.S. policy and has been properly approved within the Government.

As will be shown hereafter, the Yugoslav Program is an example of a program which does not rest solely on NSC 86/1, yet was approved and inaugurated after careful intra-governmental coordination in support of other U.S. foreign policy considerations. The Far Eastern Program does lend specific support to the objectives of NSC 86/1 as will be demonstrated later.

The Escapee Program deals with selected groups of escapees numbering approximately 50,000 out of the millions of other refugees, including the larger group also known as "escapees" under the Refugee Relief Act. Escapees receiving assistance under USEP are selected as groups which are of specific value to the United States. These values are primarily in terms of the objectives of NSC 86/1; others satisfy other U.S. political and psychological objectives. The Escapee Program includes and gives special attention to individuals of direct operational utility to the U.S., but it does not confine itself to this group, as the Defense Department is apparently suggesting it should. NSC 86/1 itself gave recognition to a wider interpretation of "key" defector as indicated in the footnote on page 3: "The term 'key personnel' includes all satellite nationals whose escape, or whose utility after escape, would contribute significantly to the achievement of any of the objectives in paragraph 1, consistent with free world capabilities for use and resettlement." PSB D-18a supports the broader interpretation when it mentions a caseload of 18,000 (without the inclusion of the Yugoslav and Far Eastern categories).

The Escapee Program was in fact established for the specific purpose of extending assistance to groups outside of the narrow definitions necessarily applied by other U.S. programs concerning defectors. This step was necessary not only because the operational effectiveness of the defector activities was hampered by neglect of the large group, but because other equally important but more general political and psychological objectives were not being adequately supported with reference to the escapee group.

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V. Both of these programs came into being in the fall of 1952, but each was developed somewhat differently. That development is treated in the following sections of the report:

A. The Yugoslav Program

1. History and Basic Policy Guidance for the Inclusion of Yugoslav Escapees Under the Escapee Program

a. Support of NSC 86/1

NSC 86/1 clearly sets out that the major contribution to United States objectives and aims with respect to the USSR are to be derived through the mass defection of Soviet nationals and the defection of key personnel from satellite countries. At the same time, however, it recognized "that the turning back or improper handling of any defectors from countries under Communist control would have a very unfavorable effect on the entire defector program. Accordingly, the United States should use its influence with the governments or countries bordering on the Soviet bloc in an effort to insure that they grant asylum and proper treatment to any defector". (page 3) Thus NSC 86/1 gives specific recognition to the fact that the numbers and usefulness of key defectors is directly affected by the treatment afforded all escapees as well as that given to the select group.

Pursuant to the general statement of policy and intent contained in NSC 86/1 and other NSC papers,* the Psychological Strategy Board developed specific plans for the establishment of an organization with an operating mandate and the capacity to deal with the escapee problem as a whole (PSB D-18a, December 20, 1951; PSB D-18a/1a, January 15, 1953). Under this guidance, the organization would be "...capable of insuring or arranging the employment, resettlement or care of all escapees from the

* "...before the West can expect success from existing programs, let alone new and expanded programs, designed to defect or to enlist the support of persons in Iron Curtain countries, it must be able to demonstrate on the basis of present practice that the West is, after all, a desirable place to which to flee, or with which to cooperate. Thus it is clear that the adequate handling of all bona fide escapees bears directly upon the flow

[REDACTED] as these have been developed pursuant to NSC 10/2, 10/5, 86/1, and ID-13". (PSB D-18a, pg. 3 Footnote 2)

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Soviet orbit who are not otherwise used and at the same time should be capable of providing certain necessary services to assist U. S. operating programs". (Page 9)

In implementation of these directives, and on recommendation of the departments and agencies concerned, the Escapee Program was authorized by the President on March 22, 1952, and funds were made available to the Department of State for its administration on April 7, 1952. Legislative authority for the European phase of the program in FY 1952 and FY 1953 was provided by Section 101(a)(1) (the Kersten Amendment) of the Mutual Security Act of 1951, as amended.

On October 17, 1952 the State Department, which was then administering the Escapee Program, asked the PSB to review the policy considerations involved in the fiscal 1954 budget prepared by the Department of State in furtherance of the Escapee Program. This budget recommended the expansion of PSB D-18a to include assistance, among others, to Yugoslavs escaping into Western Europe. In presenting the proposal to include Yugoslav escapees within the mandate of the USEP it was clearly pointed out in the budget submission that there were approximately 12,310 Yugoslav escapees in Western Europe who had proved, during the experience of the first year of the Escapee Program, to be a serious obstacle in the effective administration of the program in this area. Joint occupancy of camps, particularly, and the risk of apparent discrimination in general, prevented optimum implementation of the care program essential to improving the morale of escapees. It was made clear that the rationale for the inclusion of escapees from Yugoslavia differed in degree and emphasis from that applied to the Iron Curtain area. The reasons listed for expanding the Escapee Program to include Yugoslavs were:

"(a) to assist the receiving countries in meeting the political and economic problems occasioned by the presence of Yugoslav refugees in their area;

"(b) to diminish the difficulties in the administration of care and maintenance in Europe occasioned by joint occupancy of refugee camps; and

"(c) to overcome the possible adverse reaction behind the Iron curtain of word that refugee conditions are poor based on the lack of care for Yugoslavs, in light of the known fact that information of this nature does not get back behind the Iron Curtain with any precision." ("Escapee Program Submission FY 1954," October 17, 1954, page 11.)

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On October 30, 1952 the full PSB approved, in the following language, the expansion of the Escapee Program to include Yugoslavs:

"It is urgent that funds be obtained to administer through the Escapee Program machinery abroad the same kind of care and resettlement assistance to Yugoslav escapees as is provided in the Escapee Program because the operation of the program would be seriously impaired if such assistance were not forthcoming." (PSB D-18a/5, October 23, 1952)

In the same paper, the PSB took into account the importance of administering assistance to Yugoslav escapees in a manner which would not prejudice certain U.S. programs relating to Yugoslavia. It was stipulated that no publicity would be given to assistance in behalf of Yugoslav escapees and no specific mention would be made of Yugoslavia in any enabling legislation. The PSB also specifically noted that "since PSB D-18a was developed for the purpose of facilitating U.S. psychological, political and intelligence programs directed against the Soviet orbit, Yugoslav escapees would not be included under that plan". (PSB D-18a/5)

Subsequently, the program was again included in a submission presented for review within the Executive Branch when in 1953 the new Administration took over and made another general examination of the FY 1954 budget. The presentation to the Congress in the spring of 1953 which provided by the Yugoslav program to be funded with Section 513(b) of the Mutual Security Act of 1951, as amended, was coordinated with the Executive Branch agencies concerned. Although no mention is made of Yugoslavs in the text of the Act, the fact that it was intended to extend assistance to them in FY 1954 was explained to the appropriate Congressional committees and statements thereon inserted in the classified records of Congress. In the fall of 1953 a special determination order to fund the Yugoslav program under Section 513(b) was signed by the President after clearance with all interested agencies. During that same period, the USEP budget submission for FY 1955, including the Yugoslav program, was cleared with the interested agencies. In December 1953, the Escapee Program report to the OCB included the Yugoslav program which was recognized as a continuing operation in the OCB report of February 1954. Later in the year, the Yugoslavs were covered in the Escapee Program Congressional presentation for FY 1955. Progress on the program was presented in the USEP report of August 17, 1954 to the OCB.

There has thus been a solid history for over two years of coordinated approval of the program within both the Executive and Legislative branches of the government.

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b. Consistency Between the Escapee Program Project for Yugoslav Escapees and Basic U.S. Objectives Regarding Yugoslavs

In deciding to extend assistance to Yugoslavs, the Administration considered that continued exclusion of refugees from Communist Yugoslavia (who are inevitably a part of the anti-Communist escapee population in European countries of first asylum) not only prejudices the effective operation of the Escapee Program itself, but would continue to engender political repercussions prejudicing the most effective implementation of our policies toward Yugoslavia. The Administration believed that while giving such material support as is necessary to maintain the defense potential of the Tito regime, the U.S. should not take actions inconsistent with its disapproval of those aspects of the Communist dictatorship which deprive Yugoslav citizens of their fundamental human rights. The United States has repeatedly made it clear to the world public and to the Tito Government that this assistance does not in any way change the opposition of the U. S. Government and of the American people to totalitarianism in any form, and to the oppressive measure associated therewith in the Tito regime. The exclusion of Yugoslav escapees from U. S. assistance would have been inconsistent with this position, and, as has earlier been pointed out, would have raised both political and administrative questions vis-a-vis the governments of the countries of first asylum which have basic control of the handling of escapees within these countries and which are not in sympathy with efforts designed to segregate and discriminate against any one category of anti-Communist escapees. (See MS/54 D-207/3a, "FY 1954 Mutual Security Presentation, Section 101(a)(1) MSA 1951, Escapees", May 18, 1953, Pages 2-3).

Although the Escapee Program activities with regard to Yugoslav escapees are not specifically mentioned in NSC 5406 of January 26, 1954, which relates to United States policy toward Yugoslavia, the State Department submits that the Escapee Program's inclusion of Yugoslav escapees is consistent with the intent and objectives of the NSC paper.

c. Recent OCB Decisions Regarding the Escapee Program's Inclusion of Yugoslav Escapees.

As late as February 2, 1954 an OCB special working group implicitly recognized that the Escapee Program's project for Yugoslav escapees support the objectives of NSC 86/1 as well as having a base in other policy considerations.

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On February 17, 1954 the OCB approved the working group's report, the pertinent portions of which are quoted below:

"Because of the recognized importance of assisting persons who oppose the Communist regime in Yugoslavia and because of the difficulty of administering assistance to escapees from other Communist areas in installations occupied jointly with Yugoslav escapees, the program has recently undertaken to extend limited benefits to some 10,000 escapees from Yugoslavia. Advance concurrence of this activity was given by the appropriate Congressional Committee following approval by the Psychological Strategy Board". ("Report on the Examination of the Effectiveness of the Escapee Program in Meeting Objectives under NSC 86/1", February 2, 1954, page 3.)

2. Scope of the Yugoslav Project

The Escapee Program has been registering Yugoslav escapees since December 1953. As of June 30, 1954 a total of 6230 Yugoslavs had been registered out of a total Escapee Program registration of about 40,000. It is estimated that another 3200 will have been registered by December 31, 1954 when registration of all but new arrivals and special cases will cease. It is expected that resettlement and other means of disposal will reduce the Yugoslav caseload to about 5400 on December 31, 1954 and after that the caseload is expected to reduce gradually to 3700 in December 1955 and to 2000 at the end of 1956.

USEP extends full assistance to Yugoslavs, on the basis of established need, in all asylum areas except in Austria, where, because of the local political situation, care and maintenance benefits to Yugoslavs are withheld. Services to Yugoslavs in Calendar 1954 are expected to cost about \$850,000 with an increase to \$1,300,000 in Calendar 1955, and a decrease to \$950,000 in Calendar 1956. None of these figures equals the \$1,500,000 limitation on the funds made available for Yugoslavs in the 1954 Determination Order and none is more than 15% of the total Escapee Program requirements for the equivalent year.

Assistance is made to Yugoslav escapees on the basis of established eligibility criteria including January 1, 1948 deadline on the same basis as to satellite escapees, except (a) where local political or other circumstances in specific areas indicate benefits should be limited to specific services, and (b) where assistance, such as special reception facilities and welcome kits, might be interpreted as exploitation or serve as inducement to increased defection. While escapees from the USSR and Soviet orbit countries are eligible for USEP assistance upon prima facie evidence of nationality and date of escape, more discriminating screening is made with respect to Yugoslav escapees,

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particularly youth, and assistance is withheld when escape appears to be the result of evasion of military service, or desire to improve personal opportunities. As in the case of nationals from the USSR and satellite countries no USEP eligibility is granted to those Yugoslavs who left their country to avoid punishment for crimes other than so-called "political crimes". Although there are no recent figures reflecting the extent of this screening a study conducted in February, 1954 showed that a monthly flow of 350 Yugoslav escapees approximately 150 were screened out as being ineligible for USEP assistance. At present there appear to be approximately 150 Yugoslavs monthly who escape and who are determined eligible for USEP assistance. The number of USEP eligible Yugoslav nationals currently escaping from Yugoslavia is approximately the same as those escaping from the USSR and Soviet satellites, excluding China. Even recognizing that the Yugoslavs constitute a substantial proportion of the USEP caseload, the State Department and FOA/USEP believe that this project in its present scope is justified by the policy and operational consideration involved. However, because of the sensitive and shifting political situation with regard to Yugoslavia, it is stressed that this program should be kept under close scrutiny in order to make any needed recommendations for major modifications to meet changing foreign policy conditions.

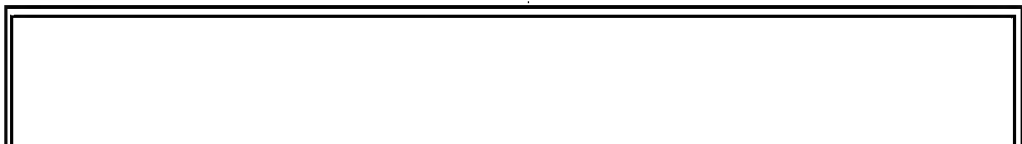
Lately, while the State Department and FOA/USEP believe the Yugoslav program should be continued at the level outlined by FOA/USEP, there is agreement that Yugoslavs should be given a lower priority in the assistance than USSR or Soviet Orbit escapees.

3. Conclusions:

From the foregoing it appears that the following conclusions may be drawn:

1. The decision to include Yugoslav escapees within the mandate of the Escapee Program was made on the grounds that their continued exclusion directly affected the administration of the Escapee Program's objectives under PSB D-18a, which in turn is based in large part on NSC 86/1. Their inclusion was not made on "humanitarian grounds," other than those basically inherent in the very operations of the Escapee Program itself. These considerations are still applicable.
2. The program not only supports NSC 86/1 but is consistent with basic United States policy regarding Yugoslavia, such as that contained in NSC 5406.

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of the Yugoslav program, namely that there would likely be some 12,000 Yugoslav escapees involved, was defined at the outset and before the project was launched.

4. The criteria for eligibility for USEP aid are more stringent for Yugoslavs than for nationals escaping from the USSR and satellite countries.
5. The restriction of the Yugoslav program to token numbers to serve as cover for USEP assistance to Soviet and satellite escapees, or the extension of aid only to key Yugoslav nationals, both ideas suggested by Defense, does not appear adequate to meet the operational and policy considerations which govern the Yugoslav program.

4. Recommendations:

1. That the Escapee Program activities as projected for the Yugoslav project be continued as presently programmed.
2. That FOA/USEP take the following administrative measures in connection with its Yugoslav project:
 - a. That a rigid screening of Yugoslav Escapees be continued, denying USEP eligibility to those whose defection from Yugoslavia appears to have been motivated principally to avoid the draft or to improve personal opportunities in the strictly economic sense.
 - b. That the category of Yugoslav escapees be afforded a lower priority in assistance than that of USSR or Soviet orbit escapees.

B. FAR EASTERN ACTIVITIES OF THE ESCAPEE PROGRAM

1. It is estimated that the refugee population of Hong Kong is about 1,250,000 or about 50% of the total population. The net of arrivals over departures for legal border traffic with Communist China is currently 1650 per month. Approximately 60 illegal border crossers are apprehended each month; of these, ten to twelve who possess intelligence or other value are given asylum, and the remainder are repatriated. Of the total number of refugees, 300,000 to 400,000 are in dire straits.

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2. Within this total problem, it is the purpose of the Escapee Program to assist in the resettlement of that small percentage of the refugees who are in categories or groups identified as having unusual political or psychological significance. Identification of the persons to be assisted is necessarily made on a group rather than individual basis. Determination of persons to receive assistance on an individual basis would be impossible administratively in the situation outline above. Individual determination would also be unwise, because such action would not be acceptable to the cooperating voluntary agencies, whose assistance is essential to effective administration of the program; and

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3. Among the specific objectives supported by Escapee Program activities are the following:

a. To threaten the Chinese Communist regime's control of its population (NSC 86/1, Paragraph 1): USEP activities in the Far East threaten the Chinese Communist regime's control of its population at two points. First, the knowledge (which gets back to the mainland) that escape is possible, and that escapees are well received and treated, can inhibit the regime in the full use of the coercive powers upon which such regimes normally depend; if the pressures upon an individual member of the regime become too severe, he is aware of an alternative to yielding to the pressures. Second, the loyalty to the Chinese Communist regime of many of the party "cadres" is dependent upon the faith that Marxism possesses the only correct solution to Asia's problems; the knowledge that Hongkong is solving the problems attendant upon the huge refugee influx can serve as a demonstration of the superior effectiveness of free institutions in the solution of economic, social, and humanitarian problems, thus striking at the roots of the Communist article of faith.

b. To make possible exploitation of the propaganda use and value of the escapees (NSC 86/1, Paragraph 1): The escapees being assisted in the course of the Far Eastern activities of the Escapee Program, and the activities themselves, have great propaganda usefulness. The escapees are a source of authoritative testimony on conditions in China, particularly the plight of target groups such as intellectuals, students, and businessmen. This information, and the knowledge that escapees are well received and are being assisted to reestablish their lives, can be exploited to foster disaffection and popular discontent with the Communist

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regime, and to make the task of governing more difficult. If the need arises, this information may also be exploited to render Communist troops less reliable in combat. With respect to free China, the activities of the Program are capable of propaganda exploitation in pursuit of the objectives set forth in NSC 146/2. In particular, the fact that many escapees, including prominent intellectuals and scholars, are electing resettlement in Formosa, can be exploited to present Free China as a symbol of haven and refuge for freedom-loving Chinese and as the custodian of traditional Chinese culture. Such propaganda helps to keep alive the idea of Free China as an alternative to the Communist regime.

c. To promote a climate favorable to the defection of key personnel from Communist China (NSC 86/1, Paragraph 5): Intellectually and technically qualified personnel are of key importance to the Chinese Communist regime at this time. The regime's program of rapid industrialization is in large measure dependent upon the increasing availability of literate, skilled workers and technicians (and the teachers needed to produce others). Further, the Chinese Communist regime is in direct competition with the Government of the Republic of China for the allegiance of 10 million persons of Chinese descent throughout Southeast Asia; in this competition, intellectuals are key figures; their defection from the Chinese Communist regime is a valuable symbol of the un-Chinese character of that regime. One of the major undertakings of the program has been the resettlement project carried on by Aid Refugee Chinese Intellectuals, Inc., under USEP contract. This project has been described by a special Study Mission to Southeast Asia and the Pacific of the House Committee on Foreign Affairs as "an outstanding example of cooperation by the Government with a private agency to carry out a program that is both humanitarian and in the national interest as an effective step in the world-wide struggle to preserve and strengthen the forces of freedom." (House Report No. 2025, July 2, 1954).

d. To influence local authorities against the turning back or improper handling of any defectors from Communist China (NSC 86/1, Paragraph 6): An important facet of the program's activities in Hong Kong is the assistance and cooperation which is being afforded the Colonial authorities as a practical means of influencing them to improve the reception and condition of refugees there. One of the early projects of the program was a grant made to the Colonial Government for victims of a disastrous fire in one of the refugee squatter camps. Regarding this project, the special Study Mission mentioned above commented: "the material and psychological results have been excellent". In FY 1955 around 5,000 defectors having unusual leadership or psychological significance will be assisted to integrate and become self-supporting in the local economy through vocational training, housing, handicraft

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marketing and medical rehabilitation. Partly as the result of the Program's activities in the field, a marked improvement has been noted in the approach and activities of the Hong Kong authorities with respect to the refugee problem. Cheap public housing is being provided by the Colony, and sanitary and other conditions are being improved.

e. Ancillary objectives: The Program also supports, as a by-product of its activities, a number of other related U.S. political and psychological objectives which are fully consistent with applicable NSC policy statements other than NSC 86/1. Among these objectives are: (1) sustaining free world prestige among the local population in Hong Kong, particularly through expansion of the programs of U.S. voluntary agencies; (2) providing a basis for cooperating with and influencing the actions and programs of the Free Chinese Government concerning escapees along lines enabling effective psychological exploitation against the mainland; and (3) strengthening Sino-American ties by a practical demonstration of U.S. friendship and concern for the welfare of the Chinese people.

4. Some misunderstanding has resulted from the limitation on exploitation of the program requested by the Hong Kong Colonial Government as a condition of acceptance. This limitation was that the fact of U.S. Government financing of refugee assistance activities carried out through voluntary agency channels should not be publicized or exploited. The position of the Colonial Government was based on (a) a desire not to induce an unmanageable influx of new refugees which might result from publicity that an official U.S. refugee assistance mission was operating in the Colony; and (b) a desire not to admit to the Colony Chinese Communist relief missions such as have frequently been offered in connection with squatter area fires, and a belief that the colony's position in this would be strengthened by an even-handed refusal of all official relief missions. The U.S. has accepted the British position as reasonable and fully consistent with U.S. desires not to induce mass defection from Communist China, and to minimize Communist Chinese propaganda activities in Hong Kong which would be facilitated by the presence of a relief mission.

The limitation does not in fact constitute a real restriction on full and effective use of the information developed through the program. Material and first-hand testimony concerning conditions in Communist China, and the assistance project activities can be exploited either without attribution or in connection with the work of the voluntary agencies. Resettlement to Taiwan can be treated most effectively as being under the sponsorship of the Free Chinese Government as a means of building the prestige and influence of that Government on the mainland and among the overseas Chinese.

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5. In addition to the projects in behalf of Chinese refugees, the Escapee Program is providing assistance in the transportation and related costs of selected European refugees, primarily White Russians, who are permitted to leave Mainland China and for whom resettlement opportunities are available in Australia, Latin America or elsewhere. The Escapee Program participation in this project provides the main avenue of resettlement for persons who would otherwise starve at the hands of the Chinese Communists or be repatriated to the USSR. Had such an avenue not been open, the abandonment and neglect of these anti-communist Europeans might have seemed to the Chinese a demonstration of the hollowness of Western pretensions to humanity and genuine concern for the individual. The group has also proved to be of some value in providing current economic and sociological intelligence. Only a very small portion of the FY 55 program will be devoted to the movement of White Russians since obligations under the FY 54 program will cover most of these costs.

6. The Far Eastern activities of the Escapee Program were initially proposed and approved in October 1952 (PSB D-18a/5). The first project for the resettlement of Chinese intellectuals was begun in April 1953 under Section 303(a) of the MDA Act of 1949, as amended. Funds and authority for a full program were provided under an amendment to Section 101(a)(1) of the MS Act of 1951, as amended, following the required Presidential Determination, in December 1953, and this program is now being implemented. Obligations in FY 54 were approximately \$1.3 millions. The Far East program has had full Congressional review and approval in connection with authorization and appropriation requests for FY 54 and FY 55.

7. In FY 55 it is proposed to continue a selective program of assistance to target groups having unusual leadership or psychological significance, at a cost of \$1.5 millions. With these funds an additional 5,000 persons will be resettled out of Hong Kong, primarily through placement in Taiwan of refugees having needed technical qualifications, but also including maximum support for movements to the U.S. under the Refugee Relief Act of 1953; an equal number of refugees will be assisted to integrate and become self-supporting in the local economy through vocational training, housing, handcraft marketing, medical rehabilitation, no care and maintenance assistance is provided for Chinese refugees except where incident and directly related to overseas resettlement or local integration. By reason of the highly selective nature of the program, as well as the political considerations in Hong Kong, assistance is administered without publicity as to the source of funds, primarily through the American voluntary agencies. The funds requested and administrative arrangements now in force present a reasonable basis for advancing the several U.S. objectives involved as outlined in Paragraph 3 above.

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8. It is strongly recommended that the OCB approve continuation of the Far Eastern activities of the Escapee Program in FY 1955 in the approximate scope and funding as requested by FOA. Operationally the program is well within the capabilities of the U.S. The program is fully consistent with the provisions of NSC 86/1 and is capable of providing valuable collateral support for objectives set forth in NSC 166/1, and NSC 146/2. Failure to approve continuation of the program in the approximate magnitude requested would deny the U.S. the positive advantages outlined above, would damage the prestige and standing of the U.S., and would appear to Asians to be an example of lack of constancy of U.S. policies and programs in the Far East. Such action would also be open to interpretation by Asians as racial discrimination inasmuch as the activities of the program in Europe would be continued undiminished and in marked contrast to the Far East.

VII. CONCLUSION

On the basis outlined above, the Department of State and the Foreign Operations Administration believe that the magnitude of the effort programmed for the Far East and Yugoslav escapee programs is justifiable under the terms of NSC 86/1, NSC 5406, NSC 166/1, and NSC 146/2, and that they are in proportion to the values accruing to the United States therefrom. To eliminate or sharply reduce these going operations now would have a more severe negative effect than if the programs had never been started. The Department of State and the Foreign Operations Administration believe the two programs should be continued as presently programmed.

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B. DEFENSE PRESENTATION

In offering its views on the magnitude of Escapee Program assistance to Yugoslavs and in the Far East, the Department of Defense predicates its position upon the following factors:

1. The interest of the United States in aid to refugees lies in two distinct fields:

a. The humanitarian field in which we as a sovereign power feel it our moral duty to facilitate the care and resettlement of all persons fleeing persecution or permanently displaced for religious, political, economic or other reasons;

b. The self-interest field in which the United States seeks to serve its own policy objectives as stated in NSC 86/1.

2. It is the view of the Department of Defense that United States interests in these two fields are served in two different ways:

a. The humanitarian interests of the United States are best served through such facilities as the United Nations, Intergovernmental Committee on European Migration (ICEM) (which continues to receive U. S. Government support of \$10 million annually) and through the private voluntary organizations motivated by nationality or religious interests which in turn are appropriately supported by the United States Government.

b. The self-interest of the United States is served through the coordinating activities of the United States Escapee Program developed by the Psychological Strategy Board and the Operations Coordinating Board such as the program for care and resettlement of escapees now under FOA.

3. It is clear that upon the dissolution of the International Relief Organization the U.S. Governmental funds available for the humanitarian aspects of refugee relief were considerably curtailed as a matter of policy. It is submitted that this curtailment was effected in the belief that the particular refugee problem caused by World War II was virtually obviated and that the responsibility of the nations principally concerned with these refugees, as well as their capability to deal with this problem, had increased.

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4. The Department of Defense notes that the FOA Escapee Program resulted from a study by the Psychological Strategy Board (PSB D-18a, 20 December 1951) which declared its purpose to be the determination of the best means available under existing policy to ensure employment, resettlement and interim care for current escapees from the Soviet orbit. PSB D-18a was written to serve the self-interest field and did not address itself to the broad humanitarian aspects of the refugee problem. It is clear that the FOA Escapee Program, which resulted from the direct transfer of the PSB program from State to FOA, was intended to follow the same utilitarian concept.

5. The objectives of D-18a were underlined on January 15, 1953, by PSB D-18a/1a, which focused upon the operational values to be derived from escapees. This second policy paper on escapees emphasized the desirability of encouraging the escape and use of Soviet orbit citizens capable of making worth-while psychological contributions either by publicity based upon the fact of escape or by participation in psychological programs and noted the particular values offered by recent escapees. Although it was agreed that for appearance's sake a few Yugoslavs must be handled by the program, it is submitted that none of the foregoing is met by assistance to Yugoslavs on the current scale (one-half the program caseload for 1956) or by aid programs in the Far East such as the movement of White Russians (which alone costs one-half million dollars per year).

6. In view of the foregoing history of the FOA Escapee Program and the fact that it has been funded primarily under the provisions of the Kersten Amendment to the Mutual Security Act, the Executive Branch has certain obligations involving the consistency and even legality of the program. The Kersten Amendment, for example, requires that the President determine assistance thereunder as contributory to the defense of the North Atlantic area and to the security of the United States; it is therefore scarcely justifiable that funds deriving therefrom be allocated to a broad refugee relief effort. The humanitarian field is one which must receive independent consideration. Should it be determined at the Board or elsewhere that insufficient policy or legislation exists to care for the humanitarian requirements involved, it is felt that the National Security Council should be so advised and action taken to recreate an international relief organization. The Department of Defense, despite the heavy financial burden to the United States, would be quite prepared to consider the re-establishment of such an organization should foreign policy requirements so dictate. The White Russians mentioned above, for example, would then be eligible for U.S. assistance under the same politico-humanitarian terms as are Arab refugees.

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7. In summary, the Department of Defense submits that the FOA Escapee Program should embrace only those activities contemplated at the time of its creation -- those activities which serve the objectives of the United States directly and materially. In this connection, it is recognized that a few specific exceptions must be made, but it is believed that these specific exceptions can be made without affecting the whole scope of the FOA Escapee Program and that they can be held to an absolute minimum. It is believed that the magnitude of current and planned assistance to Yugoslavia and to persons escaping in the Far East exceeds the intent both of FSB D-18a and the Kersten Amendment.

8. It is therefore recommended:

a. That if general assistance to refugees is required in the over-all policy of the United States, action be taken to re-create facilities comparable to the International Relief Organization so that all countries may participate and so that the U.S. alone will not be saddled with world-wide refugee relief.

b. That the FOA Escapee Program curtail the magnitude of its assistance to Yugoslavs and in the Far East as not consonant with the purposes for which that program was created.

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